

Subject: Status of Proposed NC Laws Affecting Highlands  
December 4, 2023

At the end of November, the North Carolina General Assembly adjourned their long session. There were over 1,500 bills introduced. Our staff and I tried to track bills that could impact Highlands, especially bills dealing with short-term rentals (STRs), land use, housing, zoning, and utility management. We were not alone; the staff of the North Carolina League of Municipalities did the same. The league staff just published a 32-page report on the status of legislation in this past session that could impact towns and cities.

In the upcoming weeks, I will give updates on the status of bills in the league's report. I have read the report and took copious notes concerning various bills.

Let's start with the two bills addressing short term rentals that were introduced. Both bills were not passed but will most likely be revisited in the short legislative session in the spring of 2024.

Senate Bill 290-Short Term Rentals would have allowed municipalities to enforce occupancy limits. It would have also required landlords to accurately represent the number of bedrooms in a given rental. Senate Bill 677-Regulation of Short-Term Rentals would have declared that towns and cities could not regulate short-term rentals. The bill would have affirmed the position that STRs are for residential use. It also states that towns could permit STRs to limit the number of occupants and vehicles. There was also a requirement for the owner or their agent to live within 50 miles of the STR.

The Town of Highlands will be monitoring possible STR legislation in the coming year. Any changes in our STR ordinances will comply with impending state requirements. One major question is whether current STR ordinances that municipalities have passed would be grandfathered with new state preemption legislation.

Another bill of interest was HB 409/SB 374 Regulation of Accessory Dwelling Units. It passed the House but not the Senate. This proposed law would allow accessory dwelling units in all residential zones. The concept behind the bill was to alleviate shortages in workforce housing. The bill could override many existing zoning requirements established by towns, such as setbacks and some building codes. The North Carolina League of Municipalities and mayors like me expressed concerns that without a prohibition against the dwelling units being used as STRs, the intent of providing more workforce housing would be compromised.

Another interesting bill was SB 635-Orphan Roads. Over decades, developers installed nonconforming roads in many developments. These roads are neither state nor town roads. We have several of these private "orphan roads" in Highlands that are in decline and disrepair. Unless homeowner associations do not maintain these roads, no one does. SB 635 stated that if these roads were brought up to state standards by property owners and the contractor doing the work posted a 20% performance bond, the state would take over the roads upon completion of the upgrade. Highlands has a similar policy. The bill failed to pass the State Legislature.

What is amazing to me is how many bills are proposed in a legislative session and how few are actually passed and become law. It is a burdensome process, but such rigor in creating new laws is, in many cases, beneficial.

Next week, workforce housing legislation.